POSITION PAPER SWEDISH FOREST INDUSTRIES (SFIF)

Circular Economy Act

Summary

In the upcoming Circular Economy Act, Swedish Forestry Industries Federation (SFIF) emphasizes following actions:

1. **Promote the Use of Bio-based, Renewable, and Circular Materials.** The use of bio-based, renewable, and circular materials should be actively promoted and recognised as essential components of the circular economy. Renewable content should be acknowledged alongside recycled content as circular input, supported by policy measures that stimulate demand and enable the substitution of fossil-based materials with sustainable alternatives.

2. **Strengthen and Harmonise Collection, Sorting, and Recycling Systems**. Efficient circular material flows require harmonised and strengthened systems for collection, sorting, and recycling. Binding requirements for separate collection and stricter limitations on derogations are necessary to ensure high-quality material streams and improve recycling outcomes across Member States.

3. **Harmonise and Simplify EU Circular Economy Regulations.** A more coherent and streamlined EU regulatory framework is needed to support the circular economy. Harmonisation of key instruments, including Extended Producer Responsibility schemes and End-of-Waste criteria, will reduce administrative burdens and facilitate a well-functioning internal market while preserving Member State responsibility for oversight.

4. **Harmonise material-specific Food Contact Material legislation.** The absence of harmonised EU rules for food contact materials, particularly for paper and board, creates barriers to trade and circularity. Establishing consistent EU-wide requirements would reduce costs, improve legal certainty, and enable the reuse and recycling of materials across the internal market.

5. **Increase Support for Innovation, Research, and Investment in Circular Solutions.** Enhanced support for research, innovation, and investment is essential to accelerate the transition to a circular economy.

Establishing a functioning Single Market for secondary raw materials.

Background

The forthcoming Circular Economy Act, expected in 2026, is a central initiative under the EU's Circular Economy Action Plan and Clean Industrial Deal. It aims to accelerate the transition from a linear to a circular economic model by establishing a functioning Single Market for secondary raw materials, increasing the supply and demand of high-quality recycled materials, and improving resource efficiency across value chains. The Act also seeks to address regulatory fragmentation by harmonising rules and reducing administrative burdens, thereby strengthening competitiveness, resilience, and economic security while supporting the EU's objective of climate neutrality and sustainable growth.

Swedish Forest Industries

Position by SFIF: Main Arguments

1. Promote the Use of Bio-based, Renewable, and Circular Materials

To advance the EU's climate and circular economy objectives, it is essential to promote the use of bio-based, renewable, and circular materials. This includes actively supporting the substitution of fossil-based materials with sustainable alternatives and recognising their climate benefits across EU legislation and reporting frameworks.

Bio-based materials, particularly those derived from sustainably managed forests, offer significant climate advantages. They store biogenic carbon, reduce reliance on fossil inputs, and contribute to long-term carbon neutrality. Their integration into product policy, such as the Ecodesign for Sustainable Products Regulation, can help level the playing field for bio-based industries and stimulate innovation in sectors like packaging, construction, and textiles.

To ensure policy coherence, **renewable content should be recognised as circular input, alongside recycled content.** This recognition supports the maintenance of recycling loops, where new virgin bio-based materials are needed to compensate for material degradation. Methodologies such as the Product Environmental Footprint (PEF) should incentivise circularity and the climate benefits of biogenic carbon storage.

EU should consider setting **minimum targets for bio-based content in selected product groups and explore blending quotas for circular input.** Such measures would create market demand for sustainable solutions and accelerate the transition away from fossil-based materials. A level playing field must be ensured by promoting recycled content **only where feasible, while complying with product design, health, and consumer safety regulations.** An additional aspect is that for the paper and board industry, both fresh and recycled fibres are needed to keep the circular nature of the paper loop going.

In case public procurement rules would favour products/companies using secondary raw materials for paper and board, it would create unnecessary obstacles to a well-functioning market. A more appropriate formulation would be to encourage circular content (renewable/biobased/low fossil). By revising procurement criteria to favour renewable and circular materials, the EU can drive demand and support the development of resilient, low-carbon value chains.

2. Strengthen and Harmonise Collection, Sorting, and Recycling Systems

To accelerate the transition to a circular economy, it is essential to strengthen and harmonise systems for the collection, sorting, and recycling of materials. A coherent collection and sorting strategy must aim to deliver material streams that are sufficiently pure and homogenous to support a high level of material recovery.

Fragmented practices across Member States lead to inefficiencies, with valuable resources often lost to landfilling or incineration. A more coordinated approach would ensure that recyclable materials are properly captured and processed into high-quality secondary raw materials.

The Waste Framework Directive and the Packaging and Packaging Waste Regulation mandate that Member States must ensure separate collection of recyclables, specifically paper, plastic, metal, and glass. Despite this, certain Member States continue to collect paper and board together with other recyclable materials by invoking derogation clauses. Article 10 of the Waste Framework Directive outlines the conditions under which derogations from separate collection may be granted. These **provisions should be tightened to allow derogations only in cases where a Member State can clearly demonstrate that separate collection is technically unfeasible,** such as in remote areas lacking access to necessary infrastructure. To reinforce the implementation of **separate collection obligations, a mandatory minimum level of separation should be introduced.** This should align with the recommendations of the Joint Research Centre's report "Impacts of the collection and treatment of dry recyclables." Establishing binding targets for separate collections is a critical step. These targets should apply to key material streams, such as paper, plastics, metals, and glass and be implemented consistently across the EU. Clear and enforceable standards will help reduce contamination, improve material recovery, and support the development of a robust market for secondary materials.

Furthermore, points (b) and (c) of Article 10 (3) in the Waste Framework directive should be removed. Recent scientific findings confirm that separate collection consistently yields superior environmental and economic outcomes compared to commingled

collection. Point (a) should be revised to exclude specific waste streams, such as paper. Within the paper and board industry which also is the largest consumer of Paper for Recycling, there is broad consensus that separate collection of paper by the user (whether household or commercial) ensures the highest quality of secondary raw materials.

Harmonised practices also reduce administrative burdens and create predictability for businesses. By aligning technical requirements and operational procedures, the EU can foster innovation, attract investment, and support the growth of circular value chains. This approach benefits not only the environment but also the economy, by shifting responsibility to producers and enabling more efficient resource use.

3. Harmonise and Simplicy EU Circular Economy Regulations

To enable a more effective and competitive circular economy, the EU must harmonise and simplify its regulatory framework. This includes aligning Extended Producer Responsibility (EPR) schemes, End-of-Waste (EoW) criteria, and reporting obligations across Member States. A coherent approach will reduce administrative burdens and facilitate the cross-border movement of secondary materials. In addition, a one-stop-shop approach for producer registration across the EU should be established to further streamline compliance for companies operating in multiple Member States.

Modernising EPR systems is essential. Governance should be transparent, enforceable, and industry-based, with Producer Responsibility Organisations (PROs) operating under clear rules. However, **oversight of PROs should remain the responsibility of individual Member States to ensure accountability and adaptability to national contexts.** At the same time, all producers that fulfil their financial obligations should be guaranteed access to effective and reliable collection and recycling services for all packaging materials.

To ensure fairness and efficiency, **collection fees must be dedicated exclusively to the material stream for which they are collected.** These funds should be reinvested in waste management operations and targeted improvements in recycling infrastructure. Cross-financing between material categories should be avoided, and the net cost principle should be respected.

Legal clarity is also needed in the application of EoW criteria. While harmonised EU-wide standards can support market confidence, sector-specific flexibility must be maintained. For example, **the paper industry already operates a well-functioning recycling market and may not require additional EoW criteria.**

4. Harmonise material-specific Food Contact Material legalisation

The lack of harmonised EU legislation for paper and board used in Food Contact Materials (FCMs) is a major barrier to achieving circularity and maintaining a well-functioning single market. In the absence of EU-wide rules, manufacturers must comply with a patchwork of national legislations, each with its own requirements, testing methods, and interpretations. This fragmented approach undermines cross-border trade, increases costs, and hinders the reuse and recycling of materials, which are the key pillars of a circular economy.

Circularity requires clear, consistent, and predictable rules across Member States. Today, **recycled materials that meet safety standards in one country may be rejected in another due to differing national criteria, e.g. German recommendation Bundesinstitut für Risikobewertung (BfR) XXXVI.** This leads to unnecessary waste, duplicative testing, and missed opportunities for sustainable innovation. Moreover, national frameworks often apply different standards for recycled content and material quality, making it difficult to scale circular solutions across Europe.

The situation is further complicated by the lack of transparency in national legislative processes. When new rules are developed or updated at the national level, stakeholders from other Member States have limited or no insight into the process. This creates uncertainty and makes it difficult for companies operating across borders to anticipate changes or contribute to regulatory development. It also undermines trust and consistency in the broader EU regulatory environment.

While the industry has developed voluntary guidelines to fill the regulatory gap, these initiatives cannot replace a coherent legal framework. The administrative burden of managing multiple national systems diverts resources from innovation and sustainability efforts.

5. Increase Support for Innovation, Research, and Investment in Circular Solutions

Prioritise funding, research, and development for new circular technologies, bio-based value chains, and recycling infrastructure to accelerate the transition to a circular economy.

To accelerate the transition towards a circular economy, it is imperative to strengthen support for innovation, research, and investment in circular solutions. This transformation requires a systemic shift in how materials, products, and services are designed, produced, used, and recovered. It also demands the development of new technologies, business models, and infrastructures that enable circular flows across sectors.

Priority areas for development and funding should include:

- **circular technologies** that enable resource-efficient production, reuse, and recycling.
- **bio-based value chains** that leverage renewable biological resources to replace fossil-based inputs.
- **recycling infrastructure** that supports high-quality material recovery and reintegration into production cycles.

Public and private investments must be mobilised to foster long-term research and innovation, particularly in areas where commercial viability is still emerging. This includes targeted funding for pilot projects, cross-sectoral collaboration, and regulatory frameworks that incentivise circularity. A promising initiative is the Swedish research project Biosociety.

THE SWEDISH FOREST INDUSTRY is an essential contributor in the green transition to a more circular and biobased economy. The industry refines wood resources to bio-based products, such as pulp, paper, board, packaging material, sawn timber, refined wood products, biobased electricity and heat and advanced biofuels. The core business is industrial activities based on wood sourced from sustainably managed forests, but among the industry are also some of the largest private forest holdings in Europe. Any forest, climate, environmental, energy and product related European Union policy is of high importance.

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